

**State of Delaware  
Office of Auditor of Accounts**

**Department of Labor**

**Vocational Rehabilitation Program  
American Recovery and Reinvestment Act  
§1512 Reporting**

**Agreed-Upon Procedures Engagement  
As of March 31, 2010**

**Fieldwork End Date: May 27, 2010  
Report Issuance Date: October 27, 2010**

**R. Thomas Wagner, Jr., CFE, CGFM, CICA  
Auditor of Accounts**



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STATE OF DELAWARE  
**OFFICE OF AUDITOR OF ACCOUNTS**

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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

The Governor's Stimulus Solutions Group  
Attn: The Honorable Matthew Denn  
Lieutenant Governor  
820 N. French Street, 10<sup>th</sup> Floor  
Wilmington, DE 19801

The Honorable John McMahon  
Secretary  
Department of Labor  
Office of the Secretary  
4425 North Market Street  
Wilmington, DE 19802

We have performed the procedures enumerated below, which were agreed to by the Governor's Stimulus Solutions Group (Stimulus Group) and the Department of Labor (DOL), Division of Vocational Rehabilitation (DVR). The procedures were performed solely to assist the specified parties in evaluating the *American Recovery and Reinvestment Act of 2009* (ARRA) §1512 Report (§1512 Report) for the Rehabilitation Services – Vocational Rehabilitation Grants to States, CFDA<sup>1</sup> 84.390<sup>2</sup> as of March 31, 2010. The award for the Vocational Rehabilitation Grants to States totaled \$1,530,000 with reported federal expenditures at March 31, 2010, of \$764,870. Management is responsible for DVR's compliance with applicable Federal and State requirements.

The Vocational Rehabilitation Grants to States program's purpose is to assist states in operating comprehensive, coordinated, effective, efficient, and accountable programs of vocational rehabilitation; to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, and capabilities so they may prepare for and engage in competitive employment. The funds are used to cover the costs of providing vocational rehabilitation services which include: assessment, counseling, vocational and other training, job placement, reader services for the blind, interpreter services for the deaf, medical and related services and prosthetic and orthotic devices, rehabilitation technology, transportation to secure vocational rehabilitation services, maintenance during rehabilitation, and other goods and services necessary for an individual with a disability to achieve an employment outcome.

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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<sup>1</sup> Code of Federal Domestic Assistance

<sup>2</sup> SAI S9031209 (State Application Identifier)

Our procedures were as follows:

1. Examine the §1512 Report and supporting documents to ensure the data was properly and adequately reviewed by management prior to submitting it to the federal agency, the information reported was accurate, and the report was submitted timely.

We traced the amounts reported to appropriate supporting documentation and verified the amounts were accurate. The March 31, 2010, §1512 Report was due by April 16, 2010. The DVR submitted the report timely to federalreporting.gov on April 7, 2010. However, the DVR did not submit the ARRA §1512 Report and Approval Record to Delaware Office of Management and Budget (OMB) until May 13, 2010. Reports for the prior reporting period were also not submitted timely to Delaware OMB. See ***Finding and Recommendation #1*** of this report for further details.

2. Ensure the calculation of the estimate of the number of jobs created and retained by the project is in compliance with the Council of Economic Advisers Memorandum dated May 2009.

According to the Federal OMB Memorandum M-10-08 issued on December 18, 2009, the jobs estimate is calculated by dividing the number of hours worked by the number of full-time hours in the quarter. Only jobs funded by the ARRA program are to be counted. The DVR properly reported that no jobs were created or retained.

3. Ensure the information provided for subcontracts or subgrants include the data elements required to comply with the *Federal Funding Accountability and Transparency Act of 2006*.

The DVR did not award any funding to subrecipients.

4. Select and test a sample of ARRA expenditures to ensure the funds were spent for the reported purpose, in accordance with State and Federal procurement laws, and were a reasonable and appropriate use of taxpayer money.

We tested and were able to determine eligibility of program expenditures totaling \$370,514 by examining supporting documentation. These expenditures consisted of tuition and training costs.

We were not engaged to and did not conduct an examination with the objective of expressing an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

R. Thomas Wagner, Jr., CFE, CGFM, CICA  
Auditor of Accounts  
Office of Auditor of Accounts

May 27, 2010

# ***Findings and Recommendations***

## **Procedure #1**

Examine the §1512 Report and supporting documents to ensure the data was properly and adequately reviewed by management prior to submitting it to the federal agency, the information reported was accurate, and the report was submitted timely.

## **Finding #1 – ARRA §1512 Report and Approval Record Sent to Delaware OMB Late**

### ***Criteria***

The Delaware OMB §1512 Reporting Instruction Manual states, “Prime recipients and approved delegated sub-recipients must also complete and have appropriate signed approval from the agency head for each report field prior to uploading to the federal reporting system. A form for this purpose can be located at <http://www.omb.delaware.gov/arra/index.shtml> and a copy is to be emailed to [OMB\\_ARRA1512@state.de.us](mailto:OMB_ARRA1512@state.de.us) or faxed to (302) 739-5661.” “Copies of the final spreadsheet uploaded to the federal reporting system, as well as the sign-off sheet are to be emailed to [OMB\\_ARRA1512@state.de.us](mailto:OMB_ARRA1512@state.de.us).”

### ***Condition***

The DVR did not submit the ARRA §1512 Report and Approval Record to Delaware OMB for the reporting period ending March 31, 2010, until May 13, 2010. However, the §1512 Report was filed timely with federalreporting.gov on April 7, 2010. Reports for the prior reporting period were also not submitted timely to Delaware OMB.

### ***Cause***

The DVR forgot to send the ARRA §1512 Report and Approval Record to Delaware OMB after it was submitted to federalreporting.gov.

### ***Effect***

The Delaware OMB did not have the required forms on file until May 13, 2010.

### ***Recommendation***

The DVR should ensure that all procedures are completed for the §1512 reporting process, including sending the final forms to Delaware OMB as required.

### ***Auditee Response***

Once DVR became aware of the requirement they have included a procedure to ensure that all forms are sent to Delaware OMB as required.

## *Distribution of Report*

This report is intended solely for the information and use of the Stimulus Group and the DVR and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Department of Finance, and the Office of the State Treasurer.

Copies of this report have been distributed to the following public officials:

The Honorable Jack A. Markell, Governor, State of Delaware  
The Honorable Matthew Denn, Lieutenant Governor, State of Delaware  
The Honorable Russell T. Larson, Controller General, Office of the Controller General  
The Honorable Joseph R. Biden, III, Attorney General, Office of the Attorney General  
The Honorable Ann S. Visalli, Director, Office of Management and Budget  
The Honorable Thomas J. Cook, Secretary, Department of Finance  
Ms. Valerie Watson, Acting Director, Division of Accounting, Department of Finance  
Ms. Dawn Haw-Young, Manager of Financial Reporting and Internal Control, Division of Accounting,  
Department of Finance  
The Honorable Velda Jones-Potter, Treasurer, Office of the State Treasurer  
Mr. Robert Scoglietti, Director of Policy and External Affairs, Office of Management and Budget

### Officials of Audited Entity

The Honorable John McMahon, Secretary, Department of Labor